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SAFECO TITLE INSURANCE COMPANY

AND WHEN RECORDED MAIL TO:

W AND B BUILDERS
C/O OXFORD ESCROW
1666 NINTH STREET
SANTA MONICA, CA.
90404

DECLARATION OF

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COVENANTS, CONDITIONS AND RESTRICTIONS

(HATHAWAY HILL HOMEOWNERS ASSOCIATION)

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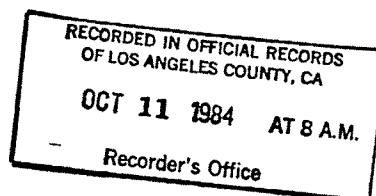
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DECLARATION OF
COVENANTS, CONDITIONS AND RESTRICTIONS
(HATHAWAY HILL HOMEOWNERS ASSOCIATION)

THIS DECLARATION made this 24th day of July, 1984, by W & B Builders, Inc., a corporation, hereinafter referred to as Declarant, and those "Owners" (as hereinafter defined) whose signatures appear on the signature pages to this Declaration (the "Declaring Owners"), is as follows:

WITNESSETH:

WHEREAS, Declarant and the Declaring Owners are the owners of that certain real property located in the City of Los Angeles, County of Los Angeles, State of California, more particularly described on Exhibit "A" attached hereto and made a part hereof, and

WHEREAS, Declarant and the Declaring Owners intend to and do hereby establish for their own benefit and for the mutual benefit of all future Owners (as hereinafter defined) or occupants of said real property described in Exhibit "A", and each part thereof, certain easements and rights in, over and upon said real property, and certain mutually beneficial covenants, conditions, restrictions and obligations with respect to the proper use, conduct and maintenance thereof; and

WHEREAS, Declarant and the Declaring Owners intend that the Owners, mortgagees, occupants and all other persons hereafter acquiring any interest in said real property described in Exhibit "A" or any part thereof, shall at all times enjoy the benefits of, and shall hold, sell and convey their interests subject to the rights, easements, covenants, conditions, restrictions, and obligations hereinafter set forth, all of which are hereby declared to be in furtherance of a general plan to promote and protect the cooperative aspect of such development and are established for the purpose of enhancing and perfecting the value, desirability and attractiveness of said real property;

NOW, THEREFORE, Declarant and the Declaring Owners as the owners of the real property described in Exhibit "A" hereto and for the purposes above set forth, hereby declare that all of said real property described in Exhibit "A" and each part thereof, shall be held, sold and conveyed subject to the following covenants, conditions, restrictions and easements, which are for the purpose of protecting the value and desirability of, and which shall constitute equitable servitudes on said real property described in Exhibit "A" and which shall run with said real property described in Exhibit "A" and be binding on and inure to the benefit of all parties having any right, title or interest therein, or in any part thereof, their heirs, successors and assigns.

ARTICLE I

DEFINITIONS

As used herein, unless otherwise specified or unless the context otherwise requires:

"Articles" shall mean the Articles of Incorporation of Hathaway Hill Homeowners Association, which are, or shall be, filed in the Office of the Secretary of State of California, as said Articles may be amended from time to time.

"Association" shall mean Hathaway Hill Homeowners Association, a California nonprofit mutual benefit corporation.

"Board" shall mean the Board of Directors of the Association.

"Bylaws" shall mean the Bylaws of the Association as such Bylaws may be amended from time to time.

"City Agreement" shall mean the agreement with the City of Los Angeles which has been or shall be executed by the Association, which shall provide for the withdrawal of the public streets described on Exhibit "B" attached hereto and made a part hereof (the "Streets") from public use and to permit the closure thereof, and providing for certain duties of the Association in connection therewith.

"County" shall mean the County of Los Angeles.

"Declaration" shall mean this instrument.

"Declarant" shall mean W & B Builders, Inc., a corporation, its successors and assigns, if such successors and assigns should acquire any portion of the Property from W & B Builders, Inc. for the purpose of development and are designated by W & B Builders, Inc. as the Declarant for the purpose hereof by a duly recorded written instrument.

"Declarant Lots" shall mean the "Lots", as hereinafter defined, owned by Declarant as of the date of recordation of this Declaration.

"Declaring Owner Lots" shall mean the Lots owned by the Declaring Owners as of the date of recordation of this Declaration.

"Entrance-side Area" shall mean the areas of real property on which walls and landscaping have been or will be built as part of the "Guard Facilities", as hereinafter defined, which areas are more particularly described on Exhibit "C" attached hereto and made a part hereof.

"Guard Facilities" shall mean the guardhouse, gates, and any appurtenant facilities or improvements which have been or will be constructed on the Street entering the Property, which Street is more particularly described on Exhibit "B", and the

landscaping, walls, and any other improvements which are or will be installed on the Entrance-side Area.

"Improvements" shall mean buildings, garages, streets, roads, driveways, walkways, parking areas, fences, walls, hedges, plantings, planted trees and shrubs, and all other structures or landscaping improvements of every kind, nature or description.

"Lien" shall mean both voluntary and involuntary liens.

"Lot" shall mean each parcel of real property located within the Property, as shown with a separate distinct number or letter on a final subdivision map or parcel map, which has been duly recorded or filed in the Office of the County Recorder of the County.

"Maintenance Facilities" shall mean the Guard Facilities, the "Road Facilities" and the "Perimeter Walls", as the quoted terms are hereinafter defined.

"Member" shall mean every person or entity who holds membership in the Association.

"Mortgagee" shall mean the beneficiary of a recorded deed of trust or the holder of a recorded mortgage.

"Owner" shall mean the person or persons whose estates or interests, individually or collectively, aggregate fee simple ownership of a Lot, including Declarant, but excluding those having an interest merely as security for the performance of an obligation.

"Perimeter Walls" shall mean those walls and/or fences located or to be located on the perimeter of the Property, as more particularly described on Exhibit "D" attached hereto and made a part hereof.

"Property" shall mean all of the real property described in Exhibit "A" attached hereto, including Improvements constructed or to be constructed thereon.

"Residence" means the residential building which is located on a Lot within the Project.

"Road Facilities" shall mean all sidewalks, parkways, curbs, gutters, roadways and storm drain catch basins located within the Streets which the Association is or will be required to maintain pursuant to the City Agreement.

"Shall" is mandatory and not merely directory.

"State" means the State of California.

ARTICLE II

DESCRIPTION OF LAND AND IMPROVEMENTS

AND INTERESTS THEREIN

Section 1. LOTS:

The Property consists of Lots, each of which does or shall contain a Residence. An Owner's use of his Lot shall be subject to the provisions of this Declaration. The Owner of a Lot shall automatically be a Member of the Association.

Section 2. EASEMENTS FOR CONSTRUCTION, SALES, REALES, CUSTOMER SERVICE AND RELATED PURPOSES:

Declarant, on behalf of itself, its agents, employees, contractors, subcontractors, invitees, successors, assigns and other authorized personnel, reserves unto itself with respect to the Declarant Lots, and the Declaring Owners, on behalf of themselves, their successors and assigns, grant unto Declarant, with respect to the Declaring Owner Lots, for a period of time extending until the sale by Declarant of the last Lot within the Property, a non-exclusive easement in, over, under and through each and every part of the Property together with the right to transfer and grant the same without the consent of any other person or entity for the following purposes:

(a) Completion of original development of all portions of the Property including, without limitation, Residences, garages, fences, and Maintenance Facilities;

(b) Marketing, and selling Lots and Improvements thereon;

(c) Customer relations providing post-sale customer service to Owners.

In connection with each of the foregoing purposes the Declarant shall have the right: (i) to perform any and all architectural, engineering, construction, excavation, landscaping or related work and activities; (ii) to store and use materials, equipment, vehicles, tools and machines which may be necessary or desirable in connection with such construction; (iii) to display signs and erect, maintain and operate, for sales and administrative purposes, model residences and a fully staffed customer relations, services and sales office complex within the Property; and (iv) to perform maintenance, repair and replacement work on, and to make custom improvements, alterations and additions to uncompleted Improvements. No such activity shall be deemed to be a nuisance. No Owner (other than Declarant) shall enter any construction area or cross any fence or other barricade constructed to prevent such entry or otherwise impede or interfere with such development and construction. The use of the Property by the Declarant shall not unreasonably interfere with the use by any Owner of such Owner's Lot, or such Owner's access thereto.

ARTICLE III

HATHAWAY HILL HOMEOWNERS ASSOCIATION

Section 1. ORGANIZATION:

The Association is a California nonprofit mutual benefit corporation, which corporation shall be the governing body for all of the Owners for the maintenance, repair, replacement, administration and operation of the Maintenance Facilities and all other property it is required or permitted to maintain pursuant to this Declaration, and shall have the duties and powers prescribed by law and set forth in the Articles, Bylaws and this Declaration. Neither the Articles nor Bylaws shall for any reason be amended or otherwise changed or interpreted so as to be inconsistent with this Declaration. In the event of any such inconsistency, the provisions of this Declaration shall prevail.

Section 2. MEMBERSHIP:

(a) Qualifications:

Each Owner of a Lot, including Declarant, but excluding persons or entities who hold an interest merely as security for the performance of an obligation, shall automatically, upon becoming an Owner, become a Member of the Association, or, if already an Owner upon incorporation of the Association shall automatically, upon incorporation of the Association, become a Member of the Association. A Member shall remain a Member until he ceases to own a Lot.

(b) Membership Rights and Duties:

Each Member shall have the rights, duties and obligations set forth in this Declaration, the Articles, the Bylaws and the Association Rules which are adopted pursuant to Article III, Section 7, as said documents may be amended from time to time.

(c) Transfer of Membership:

The Association membership of each Owner (including Declarant) shall be appurtenant to the Lot giving rise to such membership, and shall not be assigned, transferred, pledged, conveyed or alienated in any way except upon the transfer of title to said Lot, and then only to the transferee of title to said Lot. Any attempt to make a prohibited transfer shall be void. Any transfer of title to a Lot shall operate automatically to transfer the membership in the Association appurtenant thereto to the new Owner thereof.

Section 3. VOTING:

(a) Number of Votes:

The Association shall have one class of voting membership. Each Member shall be entitled to one vote for each Lot owned. When more than one person is the Owner of a Lot, all such persons shall be Members. The vote for such Lot shall be

exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to any Lot.

(b) Commencement of Voting Rights:

Voting rights attributable to each of the Lots shall commence immediately upon the incorporation of the Association.

(c) Joint Owners Disputes:

The vote for each such Lot must be cast as a unit, and fractional votes shall not be allowed. In the event that the joint Owners are unable to agree among themselves as to how their one vote shall be cast, they shall lose their right to vote on the matter in question. If any Owner or Owners cast a vote representing a Lot, it will thereafter be conclusively presumed for all purposes that he or they were acting with the authority and consent of all other Owners of the same Lot. In the event more than one (1) vote is cast for a particular Lot, none of said votes shall be counted and said votes shall be deemed void.

Section 4. DUTIES OF THE ASSOCIATION:

In addition to the powers delegated to it by its Articles and Bylaws, and without limiting the generality thereof, the Association shall have the obligation to perform each of the following duties:

(a) Maintenance and Management of Road Facilities; Fulfillment of City Agreement Obligations:

To maintain in a safe and first class condition, manage and preserve the Road Facilities in accordance with the requirements of the City Agreement, and to fulfill in accordance with the terms thereof all obligations required to be performed by the Association by the City Agreement, or otherwise required by the City of Los Angeles, for so long as the City Agreement shall remain in effect. The Association shall execute the City Agreement as soon as possible after the incorporation of the Association.

(b) Maintenance and Management of Guard Facilities:

To maintain in a safe and first class condition, manage and preserve the Guard Facilities, including but not limited to painting, maintaining, repairing and replacing the guardhouse and any fences, walls, or gates constituting a portion of the Guard Facilities, and maintaining the landscaping located on the Entrance-side Area. Notwithstanding the foregoing, the Association's obligation to maintain the Guard Facilities located on the Streets shall terminate upon the termination of the Association's obligation to maintain the Road Facilities pursuant to the City Agreement.

(c) Maintenance and Management of Perimeter Walls:

To maintain in a safe and first class condition, manage and preserve the Perimeter Walls, including, if necessary, replacement thereof with solid and secure replacement walls.

(d) Rule Making:

To make, establish, promulgate, amend and repeal the Association Rules.

(e) Enforcement of Restrictions and Rules:

To perform such other acts, whether or not expressly authorized by this Declaration, as may be reasonably necessary to enforce any of the provisions of this Declaration and the Association Rules; provided, however, that such acts of enforcement shall not include the creation or enforcement of a lien against any Lot.

(f) Insurance:

To obtain and maintain in force the following policies of insurance:

(1) General comprehensive broad form public liability insurance against claims and liabilities for personal or bodily injury, death or property damage with limits with regard to injury or death of not less than \$1,000,000 per person and \$3,000,000 per occurrence; and with limits of not less than \$500,000 per occurrence in respect of property damage, insuring against liability for bodily injury, death and property damage arising from the activities of the Association or with respect to property under its jurisdiction or maintained or used by it, and from any other eventualities against which the City of Los Angeles shall require that insurance be obtained pursuant to the City Agreement or otherwise. Said liability insurance shall name and separately protect as insureds each Owner, Declarant, the City of Los Angeles, the Association, the Board and their representatives, members and employees, and the Members of the Association (as a class), with respect to any liability arising out of the maintenance or use of the Maintenance Facilities or other property under the jurisdiction of the Association.

(2) Such other insurance, including worker's compensation liability insurance to the extent necessary to comply with any applicable law, fire and extended coverage insurance on the Maintenance Facilities, and any bonds as the Board shall deem necessary or expedient to carry out the Association's functions.

(g) Budgets and Financial Statements:

The Board shall cause financial statements for the Association to be regularly prepared and copies to be distributed to each Member as follows:

(1) A pro forma operating statement (budget) for each accounting year (which shall include a reserve for the repair and replacement of Maintenance Facilities for which the Association is responsible hereunder) shall be distributed within sixty (60) days before the beginning of each accounting year of the Association. The budget shall include all of the following:

(i) a statement of estimated revenue and expenses on an accrual basis;

(ii) the amount of the total cash reserves of the Association currently available for replacement or major repair of Maintenance Facilities and for contingencies;

(iii) an itemized estimate of the remaining life of, and the methods of funding to defray repair or replacement of or additions to, major components of the Maintenance Facilities for which the Association is responsible;

(iv) a general statement setting forth the procedures used by the Board of Directors in the calculation and establishment of reserves to defray the costs of future repair, replacement or additions to the Maintenance Facilities for which the Association is responsible.

(2) A balance sheet as of an accounting date which is the last day of the month closest in time to six months from the date of recordation of this Declaration, and an operating statement for the period from such recordation date to such accounting date, shall be distributed within sixty (60) days after the accounting date. This operating statement shall include a schedule of assessments received and receivable identified by the description of the Lot and the name of the person or entity assessed.

(3) An annual report consisting of the following shall be distributed within one hundred twenty (120) days after the close of the accounting year.

(i) A balance sheet as of the end of the accounting year.

(ii) An operating (income) statement for the accounting year.

(iii) A statement of changes in financial position for the accounting year.

(iv) Any information required to be reported under Section 8322 of the California Corporations Code.

(v) For any accounting year in which the gross income to the Association exceeds \$75,000, a copy of a review of the annual report set forth in items (i) through (iii) of this paragraph (3), prepared in accordance with generally accepted accounting principles by a licensee of the California State Board of Accountants.

If the report referred to in paragraph (3) above is not prepared by an independent accountant, it shall be accompanied by the certificate of an authorized Officer of the Association that the statements were prepared without audit from the books and records of the Association.

The Board of Directors shall annually distribute, within sixty (60) days prior to the beginning of each accounting year, a

statement of the Association's policies and practices in enforcing its remedies against Owners for defaults in the payment of the assessments set forth in Article IV hereof.

Section 5. POWERS AND AUTHORITY OF THE ASSOCIATION:

The Association shall have all the powers of a nonprofit mutual benefit corporation organized under the Nonprofit Mutual Benefit Corporation Law of the State of California, subject only to such limitations upon the exercise of such powers as are expressly set forth in the Articles, the Bylaws or this Declaration. It shall have the power to do any and all lawful things which may be authorized, required or permitted to be done by the Association by this Declaration, the Articles and the Bylaws, and to do and perform any and all acts which may be necessary or proper for or incidental to the exercise of any of the express powers of the Association, including without limitation:

(a) Assessments:

To establish assessments against Owners of Lots and to enforce payment of such assessments, all in accordance with the provisions of, and the limitations set forth in, Article IV hereof.

(b) Right of Entry and Enforcement:

To enter onto any Lot, the Residence, the garage, and any Maintenance Facilities located thereon, for the purpose of ascertaining whether the provisions of this Declaration have been or are being complied with, for the purpose of enforcing by peaceful means any of the provisions of this Declaration and the Association Rules or for the purpose of maintaining or repairing any such area as required by this Declaration. Such entrance onto a Lot shall be after twenty-four (24) hours prior written notice to the Owner thereof, or such greater notice as may be required by any provision hereof; provided, however, that such entrance shall be permitted without any prior notice whatsoever in the event of an emergency. The Association shall also have the power and authority from time to time in its own name, on its own behalf or on behalf of any Owner or Owners who consent thereto, to commence and maintain actions and suits to restrain and enjoin any breach or threatened breach of this Declaration and the Association Rules and to enforce, by mandatory injunction or otherwise, all of the provisions hereof. In addition, or as an alternative method of enforcing this Declaration and the Association Rules, the Board may impose monetary penalties, temporary suspensions of an Owner's rights as a Member or other appropriate discipline for failure to comply with the provisions of this Declaration or the Association Rules, provided that the procedures for notice and hearing satisfying the minimum requirements of Section 7341 of the California Corporations Code are given to the accused Member before a decision to impose discipline is reached.

(c) Employment of Agents:

To employ the services of any person or corporation as managers, or other employees, to, as may be directed by the

Board, manage, conduct, and perform the business, obligations and duties of the Association, and enter into contracts for such purpose. Such agent(s) shall have the right to ingress and egress over such portion(s) of the Property as is(are) necessary for the performance of such business, duties and obligations.

(d) Employment of Professional Advisors:

To employ professional counsel and obtain advice from such persons or firms or corporations such as, but not limited to, landscape architects, architects, planners, lawyers, and accountants.

(e) Borrowing of Money:

To borrow and repay monies for the purpose of maintaining, repairing, and replacing the Maintenance Facilities.

(f) Hold Title and Make Conveyances:

To acquire, hold title to and convey, with or without consideration, personal property and interests therein, licenses, and easements in real property; provided, however, that the Association shall not have the power to acquire any interests in real property other than easements.

(g) Services:

To contract for or otherwise provide for all services necessary or convenient to the management, maintenance, repair, replacement, inspection and operation of the Maintenance Facilities. To cooperate with the City of Los Angeles and take whatever steps may be necessary in order to provide for the maintenance, repair, replacement, inspection and operation of all or any portion of the Maintenance Facilities.

Section 6. LIMITATIONS ON POWERS OF THE BOARD:

Notwithstanding the powers of the Association as set forth in Section 5 hereof, the Board shall not take any of the following actions without the prior vote or written consent of a majority of the voting power of Members of the Association entitled to vote, including a majority of the voting power of the Association held by Members other than Declarant.

(a) Enter into a contract with a third person or entity wherein such person or entity will furnish goods or services for the Maintenance Facilities or the Association for a term longer than one year with the following exceptions:

(i) A contract with a public utility company if the rates charged for the materials or services are regulated by the Public Utilities Commission; provided, however, that the term of the contract shall not exceed the shortest term for which the supplier will contract at the regulated rate.

(ii) Prepaid casualty and/or liability insurance policies of not to exceed three years duration provided that the policy permits short rate cancellation by the insured.

(b) Incur aggregate expenditures for capital improvements to the Maintenance Facilities in any accounting year in excess of five percent (5%) of the budgeted gross expenses of the Association for that accounting year.

(c) Pay compensation to members of the Board or to Officers of the Association for services performed in the conduct of the Association's business; provided, however, the Board may cause a Director or an Officer to be reimbursed for expenses incurred in carrying on the business of the Association.

(d) Sell during any accounting year property of the Association having an aggregate fair market value greater than five percent (5%) of the budgeted gross expenses of the Association for that accounting year.

(e) Fill any vacancy on the Board created by the removal of a member of the Board.

Section 7. THE ASSOCIATION RULES:

By a majority vote of the Board, the Association may, from time to time, adopt, amend, and repeal such rules and regulations as it may deem reasonable (the "Association Rules"). The Association Rules shall govern the use of the Maintenance Facilities by any Owner, or by any invitee, licensee or lessee of such Owner, by the family of such Owner, or by any invitee, licensee or lessee of the family of such Owner; provided, however, that the Association Rules may not discriminate among Owners and shall not be inconsistent with this Declaration, the Articles or the Bylaws. A copy of the Association Rules as they may from time to time be amended, adopted or repealed, shall be mailed or otherwise delivered to each Owner. Upon such mailing or delivery, said Association Rules shall have the same force and effect as if they were set forth in and were a part of this Declaration. In the event of any conflict between any such Association Rules and any of the other provisions of this Declaration, or the Articles or the Bylaws, the provisions of such Association Rules shall be deemed to be superseded by the provisions of this Declaration, the Articles or the Bylaws to the extent of such inconsistency. In the event of any conflict between the provisions of this Declaration and provisions of the Bylaws or Articles, the provisions of this Declaration shall prevail.

Section 8. PERSONAL LIABILITY:

No member of the Board or any Officer of the Association, or Declarant, or the manager (if there is one), shall be personally liable to any Owner, or to any other party, including the Association, for any damage, loss or prejudice suffered or claimed on account of any act, omission, error or negligence of the Association, the Board, the manager or any other representative or employee of the Association, Declarant, or any Officer of the Association or of Declarant, provided that such person has, upon the basis of such information as may be possessed by him, acted in good faith, and without willful or intentional misconduct.

ARTICLE IV

ASSESSMENTS

Section 1. CREATION OF PERSONAL OBLIGATION FOR ASSESSMENTS:

Declarant, and each Declaring Owner, for each Lot owned hereby covenants, and each subsequent Owner of any Lot by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree, for each Lot owned, to pay to the Association Annual Assessments, Special Assessments, Emergency Assessments, and Remedial Assessments, all of which shall be established and collected as hereinafter provided. Each such assessment, together with interest, costs, reasonable late payment charges and reasonable attorneys' fees, shall be the joint and several personal obligation of each person who is an Owner of such Lot at the time when the assessment becomes due and payable; provided, however, that when more than one person is the Owner of a Lot, an assessment charged against the Owners of such Lot collectively shall be equal to the assessment which would have been charged had there been only one Owner of such Lot. The personal obligation for delinquent assessments shall not pass to an Owner's successors in title unless expressly assumed by them. No Owner may waive or otherwise escape liability for the assessments provided for in this Declaration by non-use of the Maintenance Facilities, or any part thereof, or abandonment of his Lot.

Section 2. PURPOSES OF ASSESSMENTS:

Assessments shall be used exclusively to promote the health, safety and welfare of the residents of the Property, the improvement, operation and maintenance of the Maintenance Facilities, and the performance of the duties of the Association as set forth in this Declaration.

Section 3. OPERATING FUND:

There shall be an operating fund, into which the Association shall deposit all monies paid to it as

- (a) Annual Assessments;
- (b) Special Assessments;
- (c) Emergency Assessments;
- (d) Remedial Assessments;
- (e) miscellaneous fees;
- (f) income attributable to the operating fund;

and from which the Association shall make disbursements in performing the functions for which the foregoing assessments are charged.

Section 4. ANNUAL ASSESSMENTS:

(a) Charging and Enforcement of Annual Assessments:

Subject to any subsidy or maintenance program which may be established by Declarant in accordance with Subsection (g) of this Section, Annual Assessments shall be made, and enforced, by the Board in the manner provided in this Declaration against the Owners of all Lots, including Declarant. The operation, management, maintenance, repair, inspection, and replacement of the Maintenance Facilities, together with the rights, duties and obligation of the Association as set forth in this Declaration, shall be the exclusive obligation of the Association.

(b) Amount of Assessments:

Beginning with the accounting year of the Association in which the Initial Commencement Date (as that term is defined in Section 4(c) below) occurs, the amount of the total Annual Assessments for all of the Owners of the Lots shall be determined by the Board at least thirty (30) days prior to the commencement of each accounting year based on the budget for such accounting year called for above. The Annual Assessments and any Special or Emergency Assessment shall be assessed equally against all of the Owners of the Lots.

(c) Commencement Date For Annual Assessments:

The Annual Assessments hereunder shall commence to accrue for the Owner of each Lot, including Declarant, on the date (the "Initial Commencement Date") of recordation of this Declaration.

(d) Increase of Annual Assessments:

The Annual Assessments for each succeeding accounting year may be increased by the Board for the next year without a vote of the Members by an amount which shall not exceed twenty percent (20%) of the Annual Assessments for the immediately preceding accounting year. Any increase in the Annual Assessments which exceeds twenty percent (20%) of the preceding year's Annual Assessments shall be made only upon the affirmative vote or written consent of the Members as set forth in Section 8 below.

(e) Reserve Fund:

For purposes of creating reserves to ensure payment when due of the cost of capital expenditures relating to the repair and replacement of the Maintenance Facilities, a portion of the Annual Assessments, not to exceed twenty percent (20%) of the Annual Assessments collected in each accounting year, shall constitute a capital contribution to the Association. The specific items for which such capital contribution shall be made and the amount of such contribution in respect of each such item shall be determined by the Board, acting in its sole discretion, at the time it adopts the budget for the Annual Assessments in accordance with Article III hereof. All such capital contributions shall be collected in equal monthly, quarterly or yearly

installments as provided herein, shall be accounted for separately and shall be held in trust and used to pay for each specific capital expenditure in such manner and at such times as the Board, acting in its sole discretion, shall determine. Immediately upon receipt, all such capital contributions shall be deposited in a separate interest-bearing account or accounts, denominated Trustee Capital Account(s) in any savings and loan association, bank or trust company under the supervision of the California Superintendent of Banks, the California Commissioner of Savings and Loan Associations, the Federal Home Loan Bank Board or the United States Controller of the Currency as may be determined by the Board by resolution, or invested in certificates of deposit issued by a bank or financial institution having assets in excess of Five Hundred Million Dollars (\$500,000,000.00).

(f) Reduction of Annual Assessments:

Each Owner hereby agrees that in the event the Board shall determine at any time during an accounting year that the budget adopted by the Board in accordance with Article III, subsection 4(g) hereof is, or will be, in excess of the amounts needed to meet expenses for such accounting year, the Board shall have the authority, exercisable in its sole discretion, to cause to be prepared an estimate of the amount of such excess, which excess shall then be subtracted from the previously prepared budget for the accounting year to which such excess is applicable. The total reduced budget shall then be allocated among all Owners subject to payment of Annual Assessments. No Owner shall, by reason of such reduction, be entitled to a refund of all or any portion of any assessment previously paid. Each Owner agrees that any amount assessed and collected in excess of the amount necessary to meet the expenses for the current accounting year shall be applied to reduce the Annual Assessments for the next succeeding accounting year. Any reduction in the budget so provided herein, shall not relieve any Owner from his obligation to pay any past due assessment.

(g) Subsidy or Maintenance Program; Budget Adjustment:

Notwithstanding any other provisions of this Declaration, Declarant shall have the unilateral right to establish a subsidy or maintenance program with respect to the performance of the obligations of the Association hereunder, and the assessment provisions of this Declaration shall be superseded by the provisions of any agreement establishing such subsidy or maintenance program, to the extent they are inconsistent with such agreement. Declarant shall have the unilateral right to suspend, adjust or otherwise change assessments during any subsidy or maintenance program.

Section 5. ASSESSMENT ROLL:

An assessment roll shall be accurately maintained and available in the office of the Association for inspection at all reasonable times by any Owner or his duly authorized representative. Said assessment roll shall indicate for each Lot, the name and address of the Owner thereof, all assessments charged against such Owner, and the amount of said assessments paid and unpaid.

A certificate executed and acknowledged by the Secretary or Chief Financial Officer of the Association stating the indebtedness created hereby against any such Owner, shall be conclusive upon the Association and the Owner as to the amount of such indebtedness as of the date of such certificate, in favor of all persons who rely thereon in good faith, and such a certificate shall be furnished by the Association to any Owner or to any mortgagee under a mortgage encumbering a Lot upon written request therefor at a reasonable fee payable to the Association.

Section 6. SPECIAL ASSESSMENTS FOR CAPITAL IMPROVEMENTS:

In addition to the Annual Assessments authorized above, the Board may charge during any accounting year, against all Owners, including Declarant, a special assessment ("Special Assessment") applicable to that accounting year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction or unexpected repair or replacement of a capital improvement constituting a portion of the Maintenance Facilities, including the necessary fixtures and personal property, if any, related thereto. Special Assessments which in the aggregate in any accounting year exceed an amount equal to five percent (5%) of the budgeted gross expenses of the Association for the accounting year may be charged only upon vote or written consent of the Members as provided in Section 8 of this Article.

Section 7. EMERGENCY ASSESSMENTS:

If the assessments charged are, or will become, inadequate to meet all expenses incurred hereunder for any reason, including nonpayment of any Owner's assessments on a current basis, the Board shall immediately determine the approximate amount of such inadequacy and issue a supplemental budget, noted as to the reason therefor, and charge an emergency assessment against the Owners of each of the Lots, for the amount required to meet all such expenses on a current basis ("Emergency Assessment"). Emergency Assessments which in the aggregate in any accounting year exceed an amount equal to five percent (5%) of the budgeted gross expenses of the Association for the accounting year may be charged only upon vote or written consent of the Members as provided in Section 8 hereof.

Section 8. NOTICE AND QUORUM FOR ANY ACTION AUTHORIZED UNDER SECTIONS 4, 6 AND 7:

Any action authorized under Sections 4, 6 or 7 of this Article IV which requires the vote or written consent of the Members shall require the vote or written consent of a majority of the voting power of Members of the Association entitled to vote, including a majority of the voting power of the Association held by Members other than Declarant. Such vote may be taken or written approval obtained at a meeting called for that purpose, at which a quorum is present as provided in the Bylaws, written notice of which shall be sent to all Members not less than ten (10) days or more than ninety (90) days in advance of the meeting. If the proposed action is favored by a majority of the voting power of the Association present at such meeting, Members who were not present in person or by proxy may give their consent in writing within ten (10) days after the aforesaid meeting so

that the required percentage of the voting power of the Members may be obtained.

Section 9. REMEDIAL ASSESSMENTS:

Pursuant to this Declaration, the Board may charge an assessment against any Owner to reimburse the Association for costs incurred in bringing such Owner into compliance with provisions of this Declaration or the Association Rules, and for the costs incurred by the Association for repair or replacement of any Maintenance Facilities determined to have arisen out of or determined to have been caused by the willful or negligent act of such Owner, his family, guests or invitees, after such Owner has been given an opportunity to be heard in accordance with the procedure set forth in Article V, Section 2 hereof. Remedial Assessments shall be due ten (10) days after the Board gives written notice thereof to the Owner subject thereto. The provisions of Section 8 of this Article IV with respect to approval of Annual Assessments, Special Assessments and Emergency Assessments shall not apply in the case of Remedial Assessments.

Section 10. DUE DATES OF ASSESSMENTS; CERTIFICATE REGARDING ASSESSMENTS:

The first Annual Assessment and all Special Assessments shall be adjusted according to the number of months remaining in the accounting year. The Board shall fix the amount of the Annual Assessment against each Owner at least thirty (30) days in advance of each Annual Assessment period. Written notice of all assessments shall be sent to each Owner. The Annual Assessments and Special Assessments shall be collected on a monthly or other basis as determined by the Board. The Emergency Assessments shall be due and payable at the time and in the manner specified by the Board. The Board shall, upon written request therefor from any Owner or his Mortgagee, and for a reasonable charge not to exceed Ten Dollars (\$10.00), furnish a certificate to such person or entity, signed by an Officer of the Association, setting forth whether all Annual, Special, Emergency and any Remedial Assessments charged against such Owner have been paid. Such certificate shall be conclusive evidence of payment of any assessment therein stated to have been paid.

Section 11. EFFECT OF NONPAYMENT OF ASSESSMENTS; REMEDIES OF THE ASSOCIATION:

In the event of a default in payment of any assessment when due, such assessment shall be deemed to be delinquent. Each Owner vests in the Association or its assigns the right and power to bring all actions at law, or other remedies provided herein against the Owners for the collection of delinquent assessments; provided, the Association may not create or enforce a lien against any Owner's Lot based on nonpayment of any assessments. In the event an attorney or attorneys are employed for collection of any assessment, whether by suit or otherwise, each Owner agrees to pay reasonable attorneys' fees and costs thereby incurred in addition to any other amounts due or any other relief or remedy obtained against said Owner. In addition to any other remedies herein or by law provided, and except as limited hereby, the Association shall enforce the obligations of the Owners to

pay the assessments provided for herein, and each of them, in any manner provided by law or in equity, and without any limitation of the foregoing by any or all of the following procedures:

(1) Suspension of Rights; Late Charges:

The Board may establish a schedule of reasonable late payment charges applicable to all Owners who are delinquent in their payment of assessments. After a hearing by the Board (whether or not the delinquent Owner appears) conducted in accordance with the procedures set forth in the Bylaws, the Board may suspend the voting rights of any Owner for any period during which any assessment against such Owner remains unpaid or assess a monetary penalty based on a predetermined schedule.

(2) Enforcement by Suit:

By commencement and maintenance of a suit at law against an Owner or prior Owner to enforce said assessment obligation, such suit to be maintained in the name of the Association. Any judgment rendered in any such action shall include the amount of the delinquency, interest thereon at the maximum legal rate per annum from the date of the delinquency, late charges assessed as provided above, court costs and reasonable attorneys' fees, in such amount as the court may adjudge against the delinquent Owner.

Section 12. INCOME TAX ELECTIONS:

The Board shall have the right, exercisable in its sole discretion, to elect to report the receipts, expenses, deductions and credits, if any, of the Association for income tax purposes pursuant to Section 528 of the Internal Revenue Code of 1954, as amended, Section 23701(t) of the California Revenue and Taxation Code, as amended, or any comparable statute or amendment thereto hereinafter enacted.

ARTICLE V

COVENANTS AND USE RESTRICTIONS

In addition to all other covenants and restrictions contained herein, the following covenants and restrictions shall govern the use and occupancy of the Property:

Section 1. RESIDENTIAL USE:

No part of any Lot and the Improvements thereon shall be used for other than residential purposes.

Section 2. MAINTENANCE BY OWNER:

Except for the Maintenance Facilities, and subject to the provisions of Sections 3 and 13 of this Article V, each Owner shall be responsible for the maintenance of and shall maintain the interiors of his Residence and his garage and his patio and/or balcony areas, including interior fences, drains, windows, glass, ceilings, floors and permanent fixtures and appurtenances thereto, in a clean, sanitary and attractive condition and shall

keep the same free from rubbish, litter and noxious weeds; and maintain, cultivate and keep in good condition and repair all Improvements on his Lot, including the exteriors of his Residence and his garage, and shrubs, trees, grass, lawns, plantings and other landscaping located upon his Lot. In addition to and not in limitation of the foregoing, each Owner shall maintain in a healthy condition and repair at all times such plantings of vegetation and irrigation systems as may have been installed by Declarant on those slopes in existence at the time of the completion of the grading of the land within such Owner's Lot, so long as such slope shall exist.

In the event an Owner shall fail to comply with the provisions of this Section, the Association shall notify such Owner in writing of such specified lack of compliance, which notice shall state that such Owner has a right to a hearing before the Board with regard to the matters of noncompliance set forth in such notice and, which notice may state that from and after a specified date (which date shall be subsequent to the date of the hearing provided for herein) the Board or its authorized agents may enter the Lot for the purpose of remedying such lack of compliance. If such Owner fails to remedy such lack of compliance within five (5) days after receipt of such notice (or within such greater time period as may be specified in such notice), or, in the alternative, fails to deliver written notice to the Board within five (5) days from receipt of such notice requesting a hearing before the Board with regard to the matters of noncompliance set forth in such notice, the Association or its authorized agents shall have the right to enter onto such Owner's Lot for the purpose of remedying the matters set forth in the notice, and shall not be liable for trespass in connection with such entry. If the Owner timely requests a hearing before the Board, the Board shall schedule a hearing and shall provide the Owner with at least seven (7) days written notice as to the date, time and place thereof. At the hearing the Owner will have an opportunity to discuss with the Board the merits of the claims set forth in the Association's original notice of noncompliance, and the Board will determine what action, if any, need be taken by the Owner and the time within which it must be accomplished.

The decision of a majority of the members of the Board present at the hearing will be binding upon the Association and the Owner. If the Owner fails to so comply within the designated time period, the Association or its authorized agents shall then have the right to enter onto the Owner's Lot to perform the required acts and shall not be liable for trespass in connection therewith. The cost to the Association of remedying such Owner's failure to comply with the provisions of this Section shall be assessed to the Owner as a Remedial Assessment, enforceable in the manner provided in Article IV of this Declaration.

Section 3. MAINTENANCE FACILITIES:

No Owner other than Declarant shall remove, replace, alter or injure in any way any portion of the Maintenance Facilities. No Owner shall construct, install or place any wall, fence or other improvement on, over or under any portion of the Maintenance Facilities. The Owner of any Lot who violates this Section shall reimburse the Association for all expenses incurred

by it in remedying the damage caused by said Owner's violation of this Section. Such expense shall be assessed to the Owner as a Remedial Assessment, enforceable in the manner provided in Article IV hereof.

Section 4. OBNOXIOUS AND OFFENSIVE ACTIVITIES:

No obnoxious or offensive activity shall be carried on in or upon any Lot and Improvements thereon or any other part of the Property, nor shall anything be done thereon which may be or may become an annoyance or nuisance to the neighborhood or which may in any way interfere with the quiet enjoyment of each of the Owners of his respective Lot, or which shall in any way increase the premium rate of insurance.

Section 5. DEBRIS AND OUTSIDE STORAGE:

Trash cans and other rubbish containers shall not be allowed to be visible from any portion of any of the streets and driveways except during the days on which rubbish is collected.

Section 6. TAXES AND UTILITY CHARGES:

Each Owner of a Lot shall pay all real and personal property taxes or charges assessed against his Lot, and the utility charges for said Lot.

Section 7. PESTS:

No Owner shall permit any thing or condition to exist upon any portion of the Property which shall induce, breed or harbor infectious plant diseases or noxious insects or vermin.

Section 8. COMPLIANCE WITH LAWS:

Each Owner shall promptly comply with all laws, statutes, ordinances, rules and regulations of Federal, State or municipal governments or authorities applicable to use and occupancy of and construction and maintenance of any Improvements.

Section 9. EXTRACTION OF MINERALS:

No oil drilling, oil development operations, oil refining, quarrying or mining operations of any kind shall be permitted on the Property, nor shall oil wells, tanks, tunnels or mineral excavations be permitted on the Property or within five hundred (500) feet below the surface of the Property and no derrick or other structure designed for use in boring for water, oil, or natural gas shall be erected, maintained or permitted upon any portion thereof, except as shall be approved in writing by the Board.

Section 10. DRAINAGE:

Neither the Association nor any Owner may interfere with or alter the grading established by Declarant or in any manner impede the drainage pattern within the Property which exists as of the date of recordation of this Declaration, or in any way interfere with or impede the drainage from any area into the drainage system established by Declarant.

Section 11. ANIMALS:

No animals, livestock, birds or poultry of any kind shall be raised, bred or kept in or upon any Lot, except that dogs, cats or such other household pets as may be approved by the Association may be kept in each Lot, provided they are not kept, bred or maintained for any commercial purposes. Notwithstanding the foregoing, no animal, livestock, bird or poultry may be kept which result in any annoyance or is obnoxious to residents in the vicinity, and in any event, each Owner shall be absolutely liable to each and all remaining Owners, their families, guests, and invitees, and to the Association for any and all damage to person or property caused by any pet or other animal, livestock, bird or poultry brought upon or kept upon any Lot by such Owner, members of his family, guests or invitees, and each Owner shall comply with such reasonable rules and regulations governing the keeping of pets which may be adopted by the Association from time to time, including any reasonable rules and regulations limiting the number of pets which may be kept on each Lot. Upon the written request of any Owner, the Board shall conclusively determine, in its sole discretion, whether for the purposes of this Section, a particular animal is generally recognized as a household pet or yard pet, or constitutes a nuisance. Any decision rendered by the Board shall be enforceable as other restrictions contained herein.

Section 12. PARKING AND STREET OBSTRUCTIONS:

Parking of vehicles of any type whatsoever on any portion of the Streets shall be permitted only as set forth in the Association Rules. No Owner shall do anything which will in any manner prevent the Streets and driveways from at all times being free and clear of all obstructions and in a safe condition for vehicular use.

Section 13. ALTERATIONS AND IMPROVEMENTS:

(a) No solid fence exceeding forty-two (42) inches in height may be constructed on a rear Lot line unless the building pad of the Lot adjacent to such rear Lot line is less than eight (8) feet higher than the level of the building pad on the Lot on which the fence is to be constructed. It is the intent of this provision to permit fences in excess of forty-two (42) inches in height where such fences are necessary to establish privacy between Lots of substantially similar elevations and to prohibit such fences where they would interfere with the view from Lots which are substantially higher than the adjacent Lot. Notwithstanding the foregoing, the provisions of this Section 13(a) shall not apply to any portion of the Perimeter Wall.

(b) No Improvements of any type (other than living plants and flowers in the patio areas) or any structural alteration to any Improvements, or any exterior additions or modifications to any Improvements (including, but not limited to painting), shall be made, constructed or maintained upon the Property until the plans and specifications therefor showing the appearance, height, materials and color therefor, a plot plan showing the location thereof and appropriate grading plans for the site

upon which any structure is to be or is located shall have been approved by the Board or the Environmental Control Committee in the manner set forth in Article VI hereof.

Section 14. SETBACKS (FRONT, REAR AND SIDEYARD RESTRICTIONS):

(a) No Improvement shall be erected, placed or permitted to remain on any of that portion of a Lot situated between the rear line thereof and the line parallel thereto and measured fifteen (15) feet therefrom in a direction towards a street or roadway.

(b) No Improvement shall be placed, erected or permitted to remain on any of that portion of a Lot situated between an interior or sideline thereof and a line parallel thereto and measured five (5) feet therefrom in a direction towards the other or an opposite interior or sideline of said Lot, provided that as to any Lot located at the intersection of any two or more Streets, the measurement with respect to the interior or sideline adjacent to any of such Streets shall be ten (10) feet.

(c) Notwithstanding anything which may be contained herein to the contrary, the word Improvement, as used in this Section 14, shall not include landscaping, fences, service walks, walkways, driveways, roof eaves, downspouts, or structures or facilities used primarily for public utility purposes.

Section 15: RESUBDIVISION OR CONSOLIDATION OF LOTS:

No Lot or group of two (2) or more Lots shall be resubdivided, "split" or consolidated (whether pursuant to any law, ordinance or otherwise) unless the Lot or Lots resulting therefrom shall delineate an area of not less than seven thousand five hundred (7,500) square feet and unless the frontage line thereof shall be no less than the same measurement as the frontage of the Lot so resubdivided or "split", or the shortest of the frontage lines of such Lots so resubdivided, "split", or consolidated, as applicable.

Section 16. EXCEPTIONS:

The restrictions set forth in this Article V shall not and do not apply to any of the following:

(a) Any act done or proposed to be done upon the Property, or any condition created thereon, by any governmental agency or entity, or the agents or employees of any governmental entity acting in the scope of their authority as such agents or employees;

(b) Any act done or proposed to be done upon the Property, or any condition created thereon, by any utility company (including, but not limited to, companies furnishing electric, gas, water, telephone, cable television and/or sewer service to all or parts of the Property), or the agents or employees of any such company, which act could be done by such company were this Declaration not made;

(c) Any act done or proposed to be done upon the Property, or any condition created thereon, by Declarant, or its successors, assigns, agents, employees or contractors, in connection with the marketing and sales by Declarant of the Lots, or in the course of planning for, preparing the Property for and/or construction upon the Property of streets, utilities, buildings, and all other original Improvements, including Maintenance Facilities, or in connection with the exercise of any easement reserved to Declarant in Article II or Article VIII hereof;

(d) Any act done or proposed to be done upon the Property, or any condition created thereon, which act or condition has been approved in advance by the Board;

(e) Any act done or proposed to be done upon the Property, or any condition created thereon, by any person pursuant to court order, or the order of any public officer or public agency; provided, however, that the orders contemplated in this subparagraph are only those which are the result of action initiated by public officers or agencies and which embody mandatory requirements with penalties for non-performance, and are not those orders which result from the application of private parties or are merely permissive.

ARTICLE VI

ENVIRONMENTAL CONTROL

Section 1. ENVIRONMENTAL CONTROL COMMITTEE:

(a) Establishment of Committee:

The Environmental Control Committee shall consist of three (3) individuals. The terms "Environmental Control Committee" and "Committee", as used herein, shall refer to the Board, if no such separate committee has been appointed, or to such committee if the same is in existence.

(b) Initial Members:

The following persons are hereby designated as the initial members of the Environmental Control Committee established hereby:

Office No. 1. -	D. F. Thompson
Office No. 2. -	Robert W. Hall
Office No. 3. -	Herbert Rock

All of the rights, powers and duties of the Environmental Control Committee as set forth in Section 2 of this Article VI are hereby delegated to the Environmental Control Committee established hereby. Such delegation may not be revoked except by Declarant until the first to occur of (i) expiration of five (5) years after the date of recordation of this Declaration, or (ii) sale by Declarant of ninety percent (90%) of the Lots.

(c) Term of Office:

The terms of office of the initial members listed in subparagraph (b), above, shall continue for the periods of time set forth below:

(1) The term of Office No. 1 shall expire on the first anniversary date of the recordation of this Declaration.

(2) The terms of Office No. 2 and Office No. 3 shall expire on the first to occur of either the fifth anniversary date of the recordation of this Declaration, or the date on which ninety percent (90%) of all the Lots have been sold.

Thereafter, the term of each Environmental Control Committee member shall be for a period of three (3) years or until the appointment of his successor. Any new member appointed to replace a member who has died, resigned or been removed shall serve such member's unexpired term. Members who have resigned, been removed or whose terms have expired, may be reappointed.

(d) Appointment, Removal and Resignation:

The right to appoint and remove all members of the Environmental Control Committee at any time, shall be and is hereby vested solely in the Board; provided, however, that no initial member of the Environmental Control Committee, nor any successor appointed by Declarant for an initial member who dies or resigns, may be removed except by Declarant prior to the expiration of his term of office pursuant to subparagraph (c) above. Any member of the Environmental Control Committee may at any time resign from the Committee by giving written notice thereof to the Declarant, if, pursuant to this subparagraph (d), Declarant has the right to appoint a successor to such member, or, if Declarant does not have the right, to the Board. All members of the Committee who are appointed by the Board shall be Members of the Association or a representative of Declarant designated by Declarant. Members of the Committee who are appointed by Declarant are not required to be Members of the Association.

(e) Vacancies:

Except as otherwise provided in subparagraphs (c) and (d), of this Section 1, vacancies on the Environmental Control Committee, however caused, shall be filled by vote of a majority of the members of the Board. A vacancy shall be deemed to exist in case of the death, resignation or removal of any member. Failure of the Board of Directors to fill any vacancy in the Committee shall not prevent: (i) the running of the sixty (60) day automatic approval period specified in Section 4(e) of this Article VI; or (ii) action by the Committee on any matter to the extent that a majority thereof each join in and consent thereto.

(f) Notice of Membership on Committee:

The Declarant and the Board shall, upon appointing successors to the members of the Committee named herein, record written notice of such appointment in the Office of the County Recorder of the County. Any change in the address of the Environmental Control Committee to which notices or requests for approval are to be mailed or delivered also shall be recorded. All parties, including any title insurance company, shall be entitled to rely conclusively upon the membership and address of the Committee as established and as changed by any such recorded notice.

Section 2. MEETINGS AND COMPENSATION:

The Environmental Control Committee shall meet from time to time as necessary to perform its duties hereunder. The vote or written consent of any two (2) members, at a meeting or otherwise, shall constitute the act of the Committee and the Committee shall keep and maintain a written record of all actions taken by it at meetings or otherwise. Members of the Environmental Control Committee shall not receive any compensation for services rendered.

Section 3. DUTIES:

It shall be the duty of the Environmental Control Committee to consider and act upon any and all proposals or plans submitted to it pursuant to the terms hereof, to insure that any Improvements constructed on the Property by anyone other than the Declarant conform to plans approved by the Environmental Control Committee, to adopt Environmental Control Committee Rules, to perform other duties delegated to it by the Declarant within the time periods set forth herein and thereafter by the Board, and to carry out all other duties imposed upon it by this Declaration. The Environmental Control Committee, in its own name or on behalf of the Association, may exercise all available legal and equitable remedies to prevent or remove any unauthorized and unapproved construction of Improvements on the Property or any portion thereof.

Section 4. OPERATION OF COMMITTEE:

The Environmental Control Committee shall function as follows:

(a) The Committee may require the submission to it of any or all of the following documents and such additional documents which it determines to be reasonably appropriate to the activity for which consent is requested:

- (1) a written description;
- (2) plans and specifications;
- (3) schematics;
- (4) elevations; and

(5) a plot plan showing the location of the proposed structure or Improvements.

(b) All submissions to the Environmental Control Committee shall:

(1) show the address of the party submitting the same;

(2) be in triplicate;

(3) be deemed made when actually received by the Committee; and

(4) state in writing the specific matters for which approval is sought.

(c) The Committee, before giving such approval, may require that changes be made to comply with such requirements as the Committee may, in its absolute discretion, impose as to structural features of any proposed Improvement, the type of building material used, or other features or characteristics thereof not expressly covered by any provisions of this instrument, including the location of any proposed Improvement with respect to the topography and finished ground elevation. The Committee may also require that the exterior finish and color, and the architectural style or character of any Improvement shall be such as in the discretion of the Committee shall be deemed suitable in view of the general architectural style and character of existing Improvements within the Property.

The Committee, before giving its approval, may impose conditions or require changes to be made which in its discretion are required to insure that the proposed Improvement will not detract from the appearance of the Property, jeopardize the structural integrity of the Improvement, or otherwise create any condition unreasonably disadvantageous to other Owners or detrimental to the Property as a whole.

(d) One of the three (3) sets of submissions to the Committee shall be retained by it. In the event the Committee approves or is deemed to approve the activity for which consent is required, the Committee shall endorse its consent on all three (3) copies and two (2) sets shall be mailed by the Committee, postage prepaid, to the address specified by the submitting party unless such party shall elect to accept delivery thereon in person or by agent so authorized in writing.

(e) If the Committee fails to mail its certificate with regard to any material or matter submitted to it hereunder, within thirty (30) days after submission to it, it shall be conclusively presumed that the Committee has approved the specific matters as to which approval was sought in the submission. It shall thereupon be the duty of the members of the Committee, forthwith upon the request of the submitting party, to sign and acknowledge a certificate evidencing such approval.

(f) As a condition precedent to its consideration of or action upon any material or matter submitted to it hereunder, the

Committee shall be entitled to receive a reasonable sum fixed by it from time to time for each set of plans, specifications, drawings or other material so submitted. Notwithstanding the provisions of Section 4(e) of this Article, until the requisite sum shall have been paid to it as provided herein, any material delivered to the Committee shall not be considered to have been submitted to it for the purposes of this Declaration.

(g) All actions of the Committee shall be noted in the minutes of the Board of Directors.

(h) No certificate of the Committee shall be recorded by the Committee or any member thereof, but the same may be recorded by the party submitting the material concerning which the certificate was made.

(i) All action by the Committee authorized in this Declaration shall be within its sole discretion.

(j) The provisions of this Article shall not apply with respect to the initial construction by Declarant of Improvements within the Property.

Section 5. ACCESS TO PROPERTY:

Each member of the Committee, or any other agent or employee of the Board, shall at all reasonable hours have the right of access to any part of the Property, and to any Improvements being built thereon, for the purpose of inspection relative to compliance with this Declaration.

Section 6. WAIVER:

The approval or disapproval by the Committee of any plans, specifications, drawings, grading plans, heights, or any other matters submitted for approval or consent shall not be deemed to be a waiver by the Committee of its right to approve, disapprove, object or consent to any of the features or elements embodied therein when the same features or elements are embodied in other plans, specifications, drawings or other matters submitted to the Committee.

Section 7. LIABILITY:

Neither the Association, the Board, the Committee nor any of their members shall be responsible for any defects in any Improvement erected, constructed, installed, placed, altered or maintained in accordance with or pursuant to any plans and specifications, color scheme, or other material approved by the Committee or any conditions or requirements that it may have imposed with respect thereto, nor shall the Association, the Board, the Committee or any of their members have any liability for the inability of anyone to obtain a building permit or any other governmental permit necessary for the construction or alteration of any Improvement pursuant to plans and specifications approved by the Committee.

ARTICLE VII

DAMAGE OR DESTRUCTION

Section 1. MAINTENANCE FACILITIES:

In the event of a total or partial destruction of any portion of the Maintenance Facilities, the same shall be promptly repaired and rebuilt.

Unless the expense of repair and reconstruction is assessed to a particular Owner pursuant to Section 3 of Article V hereof or Section 9 of Article IV hereof, each Owner shall be obligated to contribute such funds as shall be necessary to pay his proportionate share of the cost of repair or reconstruction, over and above the insurance proceeds. The proportionate share of each Owner as to such assessment shall be equal to a fraction, the numerator of which is one (1) and the denominator of which is the total number of Lots in the Property, and such assessment shall be due and payable in full within thirty (30) days after written notice thereof. The assessment for repair or reconstruction shall be enforceable in the manner provided in Article IV hereof.

It shall be the obligation of the Board to take all steps necessary to assure the commencement and completion of such repair or reconstruction at the earliest possible date.

Section 2. LOTS:

Except for Maintenance Facilities, any restoration and repair of any damage to a Lot and the Improvements thereon shall be made by and at the individual expense of the Owner of such Lot. If an Owner fails to make such restoration or repair of his Lot and the Improvements thereon, the Association may take remedial action in accordance with the provisions of Section 2 of Article V.

ARTICLE VIII

EASEMENTS

Section 1. UTILITY EASEMENTS TO ASSOCIATION:

The rights and duties of the Owners of Lots within the Property and of the Association with respect to sanitary sewer and water, electricity, gas and telephone lines and facilities shall be governed by the following:

(a) Wherever sanitary sewer house connections and/or water house connections or electricity, gas or telephone lines are installed within the Property, which connections and/or lines or any portion thereof lie in or upon Lots owned by persons or entities other than the Owner of the Lot served by the said connections and/or lines, the Association shall have the right, and is hereby granted an easement to the full extent necessary therefor, to enter upon the Lot or to have the utility companies enter upon the Lot in or upon which said connections and/or lines, or any portion thereof lays, to lay, repair, replace and

generally maintain said connections and/or lines as and when the same may be necessary as set forth below, the cost of any such repair, replacement, or maintenance to be borne by the Owner or Owners of the Lot or Lots served by such connections and/or lines. Such entry shall be during normal business hours, except for emergencies.

(b) Wherever sanitary sewer house connections and/or water house connections or electricity, gas or telephone lines are installed within the Property, which connections and/or lines serve more than one Lot, the Owner of each Lot served by said connections and/or lines shall be entitled to the full use and enjoyment of such portions of said connections and/or lines as service his Lot.

(c) In the event of a dispute between Owners with respect to the repair or rebuilding of said connections and/or lines, or with respect to the sharing of the cost thereof, then, upon written request of one of the Owners addressed to the Association, the matter shall be submitted to the Board who shall decide the dispute, and the decision of the Board shall be final and conclusive on the parties.

Section 2. EASEMENTS RESERVED BY AND GRANTED TO DECLARANT:

Easements over, under, along and upon the Property and every Lot contained therein for the installation, repair, maintenance, and inspection of electric, telephone, water, gas and sanitary sewer lines and facilities and of Maintenance Facilities as required and as may hereafter be required or needed to service the Property, and for the construction of all Improvements to the Property to be made by Declarant, are hereby reserved by Declarant with respect to the Declarant Lots, and granted to Declarant by the Declaring Owners with respect to the Declaring Owner Lots, together with the right of ingress and egress thereto and therefrom, and the right to grant and transfer the same to any individual or entity, including without limitation the Association, and the right to grant or dedicate such easements, in part or in full, to the public use without the joinder of any Owner; provided, however, that this Section 2 shall not be construed as creating any obligation of the Declarant to construct any Maintenance Facilities; provided, further, that the easements described herein for the installation, repair, maintenance, and inspection of electric, telephone, water, gas and sanitary sewer lines and facilities shall be limited to the front six (6) feet of each and every Lot, the rear five (5) feet of each and every Lot, and three (3) feet adjacent and parallel to any side lot line of any Lot.

Section 3. TO THE ASSOCIATION:

There is hereby reserved, with respect to the Declarant Lots, and granted by the Declaring Owners, with respect to the Declaring Owner Lots, to Declarant, the Environmental Control Committee, and the Association, their agents and employees, such easements as are necessary to perform the duties and obligations of the Association and the Environmental Control Committee as are set forth in this Declaration, the Bylaws, the Articles and the Association Rules, including, but not limited to, the right of

access to, and ingress and egress over, any part of the Property, and to any Improvements, including without limitation the Maintenance Facilities being constructed or already constructed thereon, at all reasonable hours for the purpose of installation and construction, inspection, maintenance, repair, and replacement in accordance with the provisions of this Declaration.

Section 4. COVENANTS RUNNING WITH THE LAND:

Each of the easements provided for in this Declaration shall be deemed to be established upon the recordation of this Declaration, and shall thenceforth be deemed to be covenants running with the land superior to all other encumbrances applied against or in favor of any portion of the Property which are the subject of this Declaration, and the individual grant deeds to the Lots shall not be required to set forth said easements.

ARTICLE IX

ENFORCEMENT

In the event of any default by any Owner under the provisions of this Declaration, the Articles, Bylaws, or the Association Rules, and upon any failure of any Owner to comply with any requirement, covenant, condition or restriction set forth in this Declaration, the Association and its successors and assigns, and the Board and its agents, or any of them, shall have all the rights and remedies which may be provided for in this Declaration, the Bylaws, the Articles, the Association Rules, or which may be available at law or in equity, and may prosecute any action or other proceeding against such defaulting Owner and/or other persons for damages or injunction or specific performance, or for judgment of payment of money and collection thereof, or for any combination of remedies, or for any other relief; provided, however, that the Association shall not have the right to create or enforce a lien against any Lot. The Association and the Board, and the agents of each, shall have the authority to correct such default and to do whatever may be necessary for such purpose. All expenses of the Association in connection with such actions or proceedings, including court costs and attorneys' fees, and all damages, together with interest thereon at the maximum legal rate until paid, as well as reasonable late payment charges, shall be charged to such defaulting or non-complying Owner, and shall be enforceable as a Remedial Assessment in the manner set forth in Article IV hereof. Any and all such remedies may be exercised at any time and from time to time, cumulatively or otherwise, by the Association or the Board. The provisions of this Article IX are available in addition to the provisions in Article IV hereof relating to the enforcement of assessments.

Should any Member institute suit against the Association, and should the Association be successful or sustained in its position, then such Member shall be required to reimburse the Association for its legal expenses incurred, including but not limited to attorneys' fees, fees of experts, court costs and other expenses reasonably incurred by the Association.

ARTICLE X

GENERAL PROVISIONS

Section 1. AMENDMENTS:

This Declaration may be amended from time to time by an instrument signed by fifty-one percent (51%) of the voting power of the Members of the Association entitled to vote, including fifty-one percent (51%) of the voting power of the Association held by Members other than Declarant; provided, however, (a) that the percentage of the voting power necessary to amend a specific clause or provision shall not be less than the percentage of affirmative votes required for action to be taken under such clause or provision and (b) no amendment which would defeat the obligations of the Association to maintain the Road Facilities in a first class condition and good state of repair, and to perform the other duties of the Association as required by the City Agreement, shall be made prior to the termination of said obligations pursuant to the terms of the City Agreement, without the written approval of the City of Los Angeles. Any amendment must be recorded prior to becoming effective.

Notwithstanding any other provision herein, Declarant reserves and is hereby granted the right, until one year from the date of recordation of this Declaration, to unilaterally amend this Declaration with the consent, if required, of, and in any manner required to conform with, the requirements of the California Department of Real Estate, any other governmental body or agency having jurisdiction, and all Mortgagees of record, so as to meet the requirements of such body or agency for their approval of this Declaration.

No provision in this Declaration may be changed, modified or rescinded so as to conflict with the provisions of any law.

Section 2. NOTICES:

Notices provided for in this Declaration shall be in writing and shall be addressed to the person intended to receive the same, at the following address:

Association:

Hathaway Hill Homeowners Association
c/o W & B Builders, Inc.
1666 Ninth Street
Santa Monica, CA 90404

Declarant:

W & B Builders, Inc.
1666 Ninth Street
Santa Monica, CA 90404

Owner:

At the address of the Residence owned by him, or such other address as may be designated herein.

Declarant and the Association may designate a different address or addresses for notices to it by giving written notice of such change of address to all Members of the Association. Any Owner may designate a different address or addresses for notices to him by giving written notice of such change of address to the Association. Notice addressed as above provided shall be deemed delivered when mailed by United States Mail, return receipt requested, or when delivered in person with written acknowledgement of the receipt thereof.

Upon written request, any Mortgagee shall be given a copy of all notices permitted or required by this Declaration to be given to the Owner or Owners whose property is subject to such recorded mortgage or deed of trust.

Section 3. SEVERABILITY:

If any provision of this Declaration, the Articles, the Bylaws, or any section, sentence, clause, phrase or word, or the application thereof in any circumstance, is held invalid, the validity of the remainder of the Declaration, the Articles and Bylaws, and of the application of any such section, sentence, clause, phrase, or word in any other circumstances shall not be affected thereby.

Section 4. CONSTRUCTION:

The provisions of this Declaration shall be liberally construed to effectuate its purpose of creating a uniform plan for the development and operation of a residential community and for the maintenance of the Maintenance Facilities. Notwithstanding any other provision of this Declaration, this Declaration shall not be construed to provide to the Association or to any Owner any rights, entitlements, obligations, easements, or ownership rights, which would result in the Property being considered a "planned development" within the meaning of California Business and Professions Code Section 11003.

Section 5. INAPPLICABILITY TO PROPERTY OF PUBLIC ENTITY:

Except for the obligation of the Association hereunder to maintain the Road Facilities, the provisions hereof shall be inapplicable to any property now owned or hereafter acquired by the State of California or a political subdivision thereof.

Section 6. VIOLATION AND NUISANCE:

Every act or omission whereby any provision of this Declaration is violated in whole or in part is hereby declared to be a nuisance and may be enjoined or abated, whether or not the relief sought is for negative or affirmative action, by Declarant, the Association or any Owner or Owners.

Section 7. BREACH:

No breach of the covenants, conditions or restrictions herein contained shall defeat or render invalid the lien of any first mortgage or first deed of trust made in good faith and for value, but all of said covenants, conditions and restrictions shall be binding upon and effective against any Owner whose title is derived through foreclosure or trustee's sale, or otherwise.

Section 8. APPLICABLE LAW:

This Declaration shall be construed in accordance with the laws of the State of California.

Section 9. SPECIAL MORTGAGEE REQUIREMENTS:

(a) A first Mortgagee at its request is entitled to written notification from the Association of any default by the Owner of the Lot which is subject to a mortgage or deed of trust in favor of said Mortgagee of such Owner's obligations under the subdivision documents which is not cured within sixty (60) days.

(b) Any first Mortgagee who comes into possession of a Lot pursuant to the remedies provided in the mortgage, or foreclosure of the mortgage, or deed (or assignment) in lieu of foreclosure, shall be exempt from any "right of first refusal".

(c) Any first Mortgagee who comes into possession of a Lot pursuant to the remedies provided in the mortgage or deed of trust or foreclosure of the mortgage or deed of trust shall take such Lot free from any claims for unpaid assessments or charges against the Owner of such Lot which accrue prior to the time such Mortgagee comes into possession of the Lot.

(d) First Mortgagees shall have the right to examine the books and records of the Association.

(e) An adequate reserve fund for replacement of the Maintenance Facilities must be established and must be funded by regular monthly payments rather than by Special Assessments.

(f) All taxes, assessments and charges which may become liens prior to the first mortgage under local law shall relate only to the individual Lots and not to the Property as a whole.

(g) Notwithstanding anything to the contrary which may be set forth in this Declaration, the Articles or the Bylaws, unless at least seventy-five percent (75%) of the first Mortgagees (based upon one (1) vote for each first mortgage owned) have given their prior written approval, the Association shall not:

(1) by act or omission, seek to abandon or terminate the Lot regime;

(2) change the pro-rata interest or obligations of any Lot Owner for the purposes of levying assessments or charges or allocating distribution of hazard insurance proceeds or condemnation awards.

(3) partition or subdivide any Lot;

(4) use hazard insurance proceeds for losses to any portion of the Property for other than the repair, replacement or reconstruction of such improvements, except as provided by statute in case of substantial loss to the Lots of the Property;

(5) amend this Declaration so as to defeat the obligations of the Association to maintain the Maintenance Facilities in a first-class condition and good state of repair, or which would defeat the assessment procedures which assure the collection of funds for such maintenance.

(6) amend any part of this Section 9.

(h) The Association shall give the Federal National Mortgage Association ("FNMA") or the Federal Home Loan Mortgage Corporation ("FHLMC") notice in writing of any loss to, or taking of, the Property if such loss or taking exceeds Ten Thousand Dollars (\$10,000.00), or if damage to a Lot or any Improvements thereon covered by a mortgage purchased in whole or in part by FHLMC or FNMA exceeds One Thousand Dollars (\$1,000.00).

Section 10. GENERAL MORTGAGEE PROVISIONS:

(a) Any Owner may encumber his Lot by deed of trust or mortgage.

(b) A Mortgagee who acquires title by foreclosure or deed in lieu of foreclosure shall not be obligated to cure any breach of this Declaration which is noncurable or of a type which is not feasible to cure or which is not practical to cure and does not materially affect the Association or any other Owners.

(c) It is intended that any loan to facilitate the resale of any Lot after foreclosure or deed in lieu of foreclosure is a loan made in good faith and for value and entitled to all of the rights and protections afforded to Mortgagees hereunder.

(d) No amendment to this Section 10 shall affect the rights of the Mortgagee under any mortgage or trust deed recorded prior to recordation of such amendment who does not join in the execution thereof.

(e) Because of its financial interest in a Lot, a Mortgagee may appear (but may not vote) at meetings of the Owners and the Board to draw attention to violations of this Declaration which have not been corrected or made the subject of remedial proceedings or assessments.

(f) A Mortgagee is authorized to furnish information to the Board concerning the status of any loan encumbering a Lot.

(g) All applicable fire and all physical loss or extended coverage insurance policies shall contain loss payable clauses naming the Mortgagees as insured parties, as their interest may appear.

(h) The Board shall immediately give written notice to any Mortgagee who has requested such notice in writing, when the Owner of the Lot encumbered in favor of such Mortgagee has been in default under the terms hereof for a period of sixty (60) days.

(i) In the event of any conflict between any provision of this and any other provision in this Declaration, the language contained herein shall control.

Section 11. TERM:

This Declaration and the covenants, conditions and restrictions contained herein, as amended from time to time, shall be and remain in full force and effect for a term of fifty (50) years from the date this Declaration is recorded, after which time said Declaration shall be automatically extended for successive periods of ten (10) years, unless an instrument in writing signed by those Members then holding a majority of the total votes in the Association has been recorded with the County Recorder of the County within one (1) year prior to the expiration of the initial fifty (50) year period or within one (1) year prior to the expiration of any successive ten (10) year period, agreeing to terminate said covenants, conditions, and restrictions in whole or in part.

Section 12. PLURALS; GENDER:

Whenever the context so requires, the use of the singular shall include and be construed as including the plural, and the masculine shall include the feminine.

Section 13. HEADINGS:

Section headings are inserted for convenience only and are not intended to be a part of this document or, in any way, to define, limit, or describe the scope or intent of the particular section to which they refer.

Section 14. NOTIFICATION OF SALE OF PROPERTY:

(a) Concurrently with the execution of any escrow instructions, deposit receipt, or other agreement for the sale or transfer of a Lot, under circumstances whereby the transferee will become the Owner thereof, the transferor shall notify the Association in writing of such. Such written notification shall set forth:

- (1) the name of the transferee and his transferor;
- (2) the street address of the Lot purchased by the transferee;
- (3) the transferee's mailing address;
- (4) the name and address of the escrow holder, if any, for such sale and the escrow number; and
- (5) the date of sale or transfer.

Concurrently with the consummation of such sale of any Lot, or within five (5) business days thereafter, the transferor shall notify the Association of consummation of such sale by written notice. Such notification shall set forth the information called for in clauses (1), (2), (3), and (4) above, and the date such sale was consummated.

Prior to receipt of any such notification, any and all communications required or permitted to be given by the Association, the Board or the Environmental Control Committee shall be deemed to be duly given and made to the transferee if duly and timely made and given to said transferee's transferor.

IN WITNESS WHEREOF, Declarant and the Declaring Owners have executed this Declaration the day and year first hereinabove written.

DECLARANT LOTS:

Lots 38 and 40 of Tract 38078 ("Tract 38078"), as per map recorded in Book 988, Pages 4 to 11 of Maps in the Office of the Recorder of Los Angeles County, and Lots 1 through 9, inclusive, 11 through 16, inclusive, 18, 20, and 25 through 40, inclusive, of Tract 33298 ("Tract 33298") as per map recorded in Book 988, Pages 20 to 24 of Maps in the Office of the Recorder of Los Angeles County

"DECLARANT":

W & B BUILDERS, INC., a corporation

By: Claudio G. Lee
Its: Vice Pres.

By: Terry W. Wilson
Its: Vice Pres.

DECLARING OWNER LOTS;
LOT AND ADDRESS OF LOT:

Lot 25 of Tract 33298
1800 Apex Avenue
Los Angeles, CA 90026

"DECLARING OWNERS":

Reynaldo Reyes
Reynaldo Reyes

(Signatures continued on page 36)

STATE OF CALIFORNIA
COUNTY OF Los Angeles

} SS.

84 1218671

On October 9, 1984 before me, the undersigned, a Notary Public in and for said State personally appeared *Florencio Corcino Layo, Jr and Nida Borro Layo*

_____ personally known to me (or proved to me on the basis of satisfactory evidence) to be the person S whose name are subscribed to the within instrument and acknowledged that they executed the same.

WITNESS my hand and official seal.

Signature

Jeanne C. Davis

Name (Typed or Printed)



(This area for official seal)

T1101

STATE OF CALIFORNIA
COUNTY OF Los Angeles

} SS.

84 1218671

On this 9th day of October, 19 84, before me, the undersigned, a Notary Public in and for said County and State, personally appeared *Claude E. Lee*

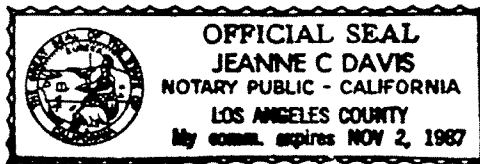
personally known to me (or proved to me on the basis of satisfactory evidence) to be the Vice President, and *Terry W. Wilson* personally known to me (or proved to me on the basis of satisfactory evidence) to be the V. P. Secretary of the corporation that executed the within instrument, and known to me (or proved to me on the basis of satisfactory evidence) to be the persons who executed the within instrument on behalf of the corporation therein named, and acknowledged to me that such corporation executed the same, pursuant to its laws, or a resolution of its Board of Directors.

WITNESS my hand and official seal

Signature

Jeanne C. Davis

Name (Typed or Printed)



(This area for official seal)

PR-45 (10) Rev. 6-82

APR 170

COPY of Document Recorded
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LOS ANGELES COUNTY REGISTRAR - RECORDER

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PLEASE COMPLETE THIS INFORMATION
RECORDING REQUESTED BY:

THE LAW OFFICES OF
Pamela Abbott Moore
AND WHEN RECORDED MAIL TO:

THE LAW OFFICES OF
Pamela Abbott Moore
528 NORTH GLASSELL
ORANGE, CALIFORNIA 92867

M	S	U	PAGE	SIZE	DA	PCOR	NCCOR	SMF	MISC.
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TRA:
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SECOND AMENDMENT TO THE DECLARATION OF
COVENANTS, CONDITIONS & RESTRICTIONS FOR
THE HATHAWAY HILL HOMEOWNERS ASSOCIATION

Title of Document

THIS AREA FOR
RECORDER'S
USE ONLY

THIS PAGE ADDED TO PROVIDE ADEQUATE SPACE FOR RECORDING INFORMATION
(\$3:00 Additional Recording Fee Applies)

Recording Requested by and Mail to:
Pamela Abbott Moore
LAW OFFICES OF PAMELA ABBOTT MOORE
528 North Glassell Street
Orange, California 92867

**SECOND AMENDMENT TO THE
DECLARATION OF COVENANTS, CONDITIONS & RESTRICTIONS
FOR THE HATHAWAY HILL HOMEOWNERS ASSOCIATION**

Declarant, W & B BUILDERS, INC., a Corporation, was the owner of certain real property in the City of Los Angeles, County of Los Angeles, State of California, described as follows:

Lots 1 to 57, inclusive, of Tract No. 38078,
as per map recorded in Book 988, Pages 4 to 11,
of Maps, in the Office of the Recorder of
Los Angeles County.

Lots 1 to 40, inclusive, of Tract No. 33298,
as per map recorded in Book 988, Pages 20 to 24,
of Maps, in the Office of the Recorder of
Los Angeles County.

The Undersigned, representing a majority of the Board of Directors for the HATHAWAY HILL HOMEOWNERS ASSOCIATION, a non-profit mutual benefit corporation, do hereby certify and state under penalty of perjury that the following amendment to the original Declaration of Covenants, Conditions, and Restrictions recorded on September 13, 1984 as instrument number 84-1097715 and re-recorded on October 11, 1984 as instrument number 84-1218671 in the Official Records of the Los Angeles County Recorder's Office, County of Los Angeles, State of California, has been approved by fifty-one percent (51%) or more of the Owners within the project pursuant to Article X, Section 1 of the Association's Declaration of Covenants, Conditions and Restrictions.

Article III, Section 4(e) shall be amended to read as follows:

Enforcement of Restrictions and Rules: To perform such other acts, whether or not expressly authorized by this Declaration, as may be reasonably necessary to enforce any of the provisions of this Declaration and the Association Rules.

Article III, Section 5(f) shall be amended to read as follows:

Hold Title and Make Conveyances: To acquire, hold title to and convey, with or without consideration, personal property and interests therein, licenses, and easements in real property.

Article IV, Section 11 shall be deleted in its entirety.

Article IV, Section 11 shall be amended to read as follows:

EFFECT OF NONPAYMENT OF ASSESSMENTS; REMEDIES OF THE ASSOCIATION:

(1) As more particularly provided in California Civil Code section 1367 or comparable superseding statute, the amount of any delinquent Regular, Special, or Remedial Assessment, together with any late charges, interest, reasonable attorney's fees and costs attributable thereto or incurred in the collection thereof, shall become a lien upon the Lot of the Owner so assessed when the Association causes a Notice of Delinquent Assessment to be recorded in the Office of the County Recorder.

(2) The Association may initiate a legal action against the Owner personally obligated to pay the delinquent Assessment, foreclose its lien against the Owner's Lot or accept a deed in lieu of foreclosure. Foreclosure by the Association of its lien may be by judicial foreclosure or by nonjudicial foreclosure.

(3) In the event of a default in payment of any Assessment, the Association, in its name but acting for and on behalf of all other Owners, may initiate legal action, in addition to any other remedy provided herein or by law, to recover a money judgment or judgments for unpaid Assessments, costs and attorneys' fees without foreclosure or waiver of the lien securing same. No sale or transfer of a Lot as the result of foreclosure, exercise of a power of sale, or otherwise, shall affect the Association's right to maintain an action against the foreclosed previous Owner of the Lot personally to collect the delinquent assessments, late charges, interest, and associated costs of collection incurred by that prior Owner prior to the sale or transfer.

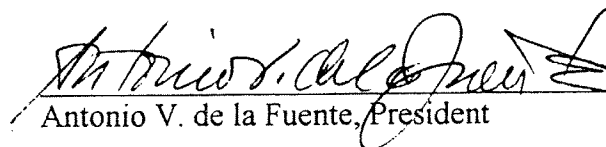
The first sentence of Article IX entitled ENFORCEMENT shall be amended to read as follows:

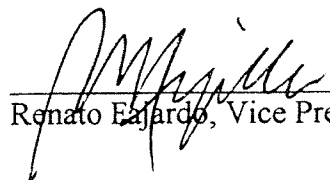
In the event of any default by any Owner under the provisions of this Declaration, the Articles, Bylaws, or the Association Rules, and upon any failure of any Owner to comply with any requirement, covenant, condition or restriction set forth in this Declaration, the Association and its successors and assigns, and the Board and its agents, or any of them, shall have all the rights and remedies which may be provided for in this Declaration, the Bylaws, the Articles, the Association Rules, or which may be available at law or in equity, and may prosecute any action or other proceeding against such defaulting Owner and/or other persons for damages or injunction or specific performance, or for judgment of payment of money and collection thereof, or for any combination of remedies, or for any other relief.

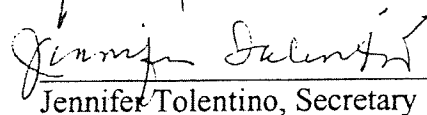
The Declaration of Covenants, Conditions and Restrictions and First Amendment thereto, except as hereby amended, is hereby re-affirmed in its entirety.

IN WITNESS WHEREOF, the undersigned, being the majority of the Board of Directors for HATHAWAY HILL HOMEOWNERS ASSOCIATION, do hereby state and certify under penalty of perjury that the foregoing Amendment has been approved by vote or written assent of fifty-one percent (51%) of the Owners of this Project; and therefore do hereby execute this Instrument on May 21, 2004.

BOARD OF DIRECTORS FOR HATHAWAY HILL
HOMEOWNERS ASSOCIATION


Antonio V. de la Fuente, President



Renato Eajardo, Vice President


Jennifer Tolentino, Secretary

STATE OF CALIFORNIA)
COUNTY OF LOS ANGELES)

On May 21, 2004, before me, the undersigned, a Notary Public in and for said State, personally appeared Antonio V. de la Fuente, one of the above signatories of the Board of Directors for the Hathaway Hill Homeowners Association, known to me to be a duly authorized and designated representative of the Association that executed the within Instrument, known to me to be the person who executed the within Instrument, on behalf of the Association named therein, and acknowledged to me that such Association executed same.

WITNESS my hand and Official Seal.



Notary Public



STATE OF CALIFORNIA)
COUNTY OF LOS ANGELES)

On May 21, 2004, before me, the undersigned, a Notary Public in and for said State, personally appeared Renato Fajardo, one of the above signatories of the Board of Directors for the Hathaway Hill Homeowners Association, known to me to be a duly authorized and designated representative of the Association that executed the within Instrument, known to me to be the person who executed the within Instrument, on behalf of the Association named therein, and acknowledged to me that such Association executed same.

WITNESS my hand and Official Seal.



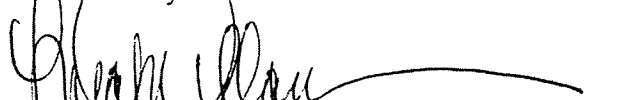
Notary Public



STATE OF CALIFORNIA)
COUNTY OF LOS ANGELES)

On May 21, 2004, before me, the undersigned, a Notary Public in and for said State, personally appeared Jennifer Tolentino, one of the above signatories of the Board of Directors for the Hathaway Hill Homeowners Association, known to me to be a duly authorized and designated representative of the Association that executed the within Instrument, known to me to be the person who executed the within Instrument, on behalf of the Association named therein, and acknowledged to me that such Association executed same.

WITNESS my hand and Official Seal.



Notary Public

